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STATISTICAL BULLETIN

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THE CONFERENCE BOARD

comment From some time now, a basic economic scenario, leading to recession, had been chronicled in this space. The date of the recession's onset however, has been steadily pushed back. This has led some, perhaps, to doubt the validity of this line of thought. Still, the case for a recessionary outlook appears more clear now than before. Briefly, the view has been that consumer buying, which was responsible for much of the strength of the expansion, was heavily financed by borrowing. Once consumer borrowing peaked—and it did so at the end of 1978—consumer spending could be expected to fall off. Business, faced with a choice of cutting production or accumulating inventory, would probably opt for the former course of action. And the weakness in consumer markets would erode the strength in capital goods markets.

As everyone knows, it did not exactly happen that way. When consumers stopped buying, business did not cut production but accumulated inventory. While some steam went out of business spending, it remained vigorous through the third quarter of 1979. The single most important factor in these developments was the low level of real interest rates—the rate of interest relative to the rate of inflation. Financing inventory by borrowing against a low real interest rate was, for many, a more attractive alternative than modifying planned production schedules.

Federal Reserve actions to hike interest rates have raised the level of real interest rates significantly (see chart below). Now the probabilities of either accumulating inventory or cutting back on production have shifted. And business spending has lost some of its strength. The *Economic Forecasts* differ about when—not whether—the recession will begin. The question of timing is related to the question of severity in that the longer it takes for these developments to run their course, the more occasions may arise for disruption of steady, smooth-running supply stream. While data on capacity utilization rates suggest no major problems have yet developed in this area, there is more concern in this regard at the end of 1979 than there was at the end of 1978.

One particularly puzzling part of the economic picture is the continued strong activity in the labor market. As long ago as mid-1978, there was a suggestion of some labor hoarding—that is, at least some hiring was occurring to fill anticipated requirements. Perhaps that explains why help-wanted ad volume was rising in the last half of 1978, even though the unemployment rate dipped just under 6% in June and stayed there through the end of that year. The Conference Board's *Help-wanted-Index* did decline earlier this year but has since regained all of that drop, and the unemployment rate is still sticking at a level just under 6 percent. The continued strength in the labor market, whether the hiring has been in response to actual or anticipated needs, has clearly helped bolster consumer attitudes, as indicated in the recent gains registered by The Conference Board's *Consumer Confidence Index*. And consumers, feeling a little less uneasy about the economy (especially about the prospect of being laid off), stepped up their spending—on credit—in September. The borrowing subsided in October, and so did retail sales, but consumer markets remained more active this Fall than they had been this past Summer. The spurt in sales arrested the buildup in inventories and the inventory/sales ratios dipped slightly.

Data on The Conference Board's *Capital Appropriations and Expenditures* by the nation's 1,000 largest manufacturers showed business spending was stronger than expected in the third quarter of 1979. A careful review of the data reveals that appropriations were essentially flat in every industry except petroleum—where they rose substantially. Hence the view that business spending is not as strong now as it had been earlier this year, when consumer spending started to falter. Moreover, profit margins of nonfinancial corporations, which had fallen in both the first and second quarters of 1979, fell further in the third quarter. The flow of internal funds available

Ken Goldstein, Editor
Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director

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THE CONFERENCE BOARD IN CANADA
25 McArthur Road
Ottawa, Ontario, K1L-6R3, Canada

845 Third Avenue
New York, New York 10022

THE CONFERENCE BOARD IN EUROPE
Avenue Louise, 326-Bte 48
B-1050 Brussels, Belgium

for investing in new plant and equipment, then, has been diminishing steadily. Interest rate hikes, on the other hand, have been increasing the cost of borrowing external funds. The Conference Board's *Capital Appropriations and Expenditures* model shows that business spending will continue to lose steam. If consumer spending does start to decline again, business spending will not be strong enough to prop a faltering economy to the extent it did earlier this year.

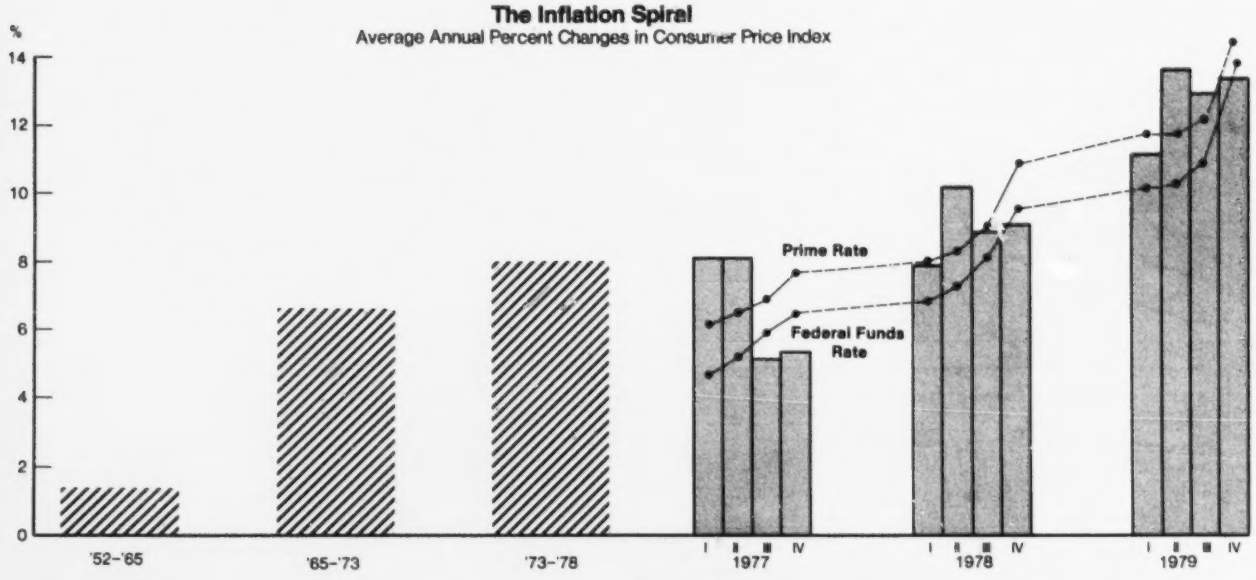
Real GNP rose in the third quarter of 1979, after having declined in the second quarter. That development has led some to doubt whether the economy was indeed headed for recession or, rather, to some pause in the expansion path the economy has been on for the last four years. The *Economic Forecasts* unanimously agree that the economy is headed straight toward a recession. The median of the forecasts is that real output is declining by a seasonally adjusted 2.3% annual rate in the fourth quarter of 1979, and will fall by an even steeper 3.8% in the first quarter of 1980, followed by a 1.7% decrease in the second quarter. Economic activity is anticipated to be quite sluggish in the third quarter (median forecast of a 1.7% rise in real output) and, finally, a new expansionary phase of the business cycle will begin in the fourth quarter (median forecast of a 3.2% rise in real GNP) and continue on that path through 1981.

While all the forecasts show a recession will occur, and most expect now that it will last for at least three—possibly four—quarters, there is disagreement about its timing. Specifically, the majority view is that the economy is beginning to undergo a recession in the fourth quarter of 1979, will continue in recession through the second quarter of next year, experience one quarter of very sluggish activity, and then resume expansion in the last quarter of 1980. Some forecasts, including that from The Conference Board, anticipate a transition period (of neither expansion nor recession) for the final quarter of this year. This view, then, has the recession starting in the first quarter of 1980 and ending in the third quarter of the year. Even among this group of forecasts, there is divergence of opinion as to whether the economy will resume expansion immediately or will still undergo a transitionary quarter first. Withall, it is clear that the recent spate of good economic news may be the last until about this time next year.

Despite the prospect of a much slower rate of economic activity as well as rather restrictive, anti-inflationary monetary and fiscal policy, the expectation is for not very much improvement in the rate of inflation. The median forecast is that the rate of increase in the implicit price deflator for GNP will slow to only about 7.7% by the end of 1980 before embarking upon a new upward spiral. The rationale for not expecting more improvement lies not so much in arguments over cost-push or price-pull factors as with external price pressures. The increases in energy prices, and anticipated further increases being considered by OPEC as this is written, have led some to label this problem "oilflation." To the extent that there is validity in the external pressure argument, neither a slowdown of economic activity nor monetary or fiscal medicine will cure the pain of importing inflation in the form of continued steep increases in oil prices. *Ken Goldstein*

The Inflation Spiral

Average Annual Percent Changes in Consumer Price Index

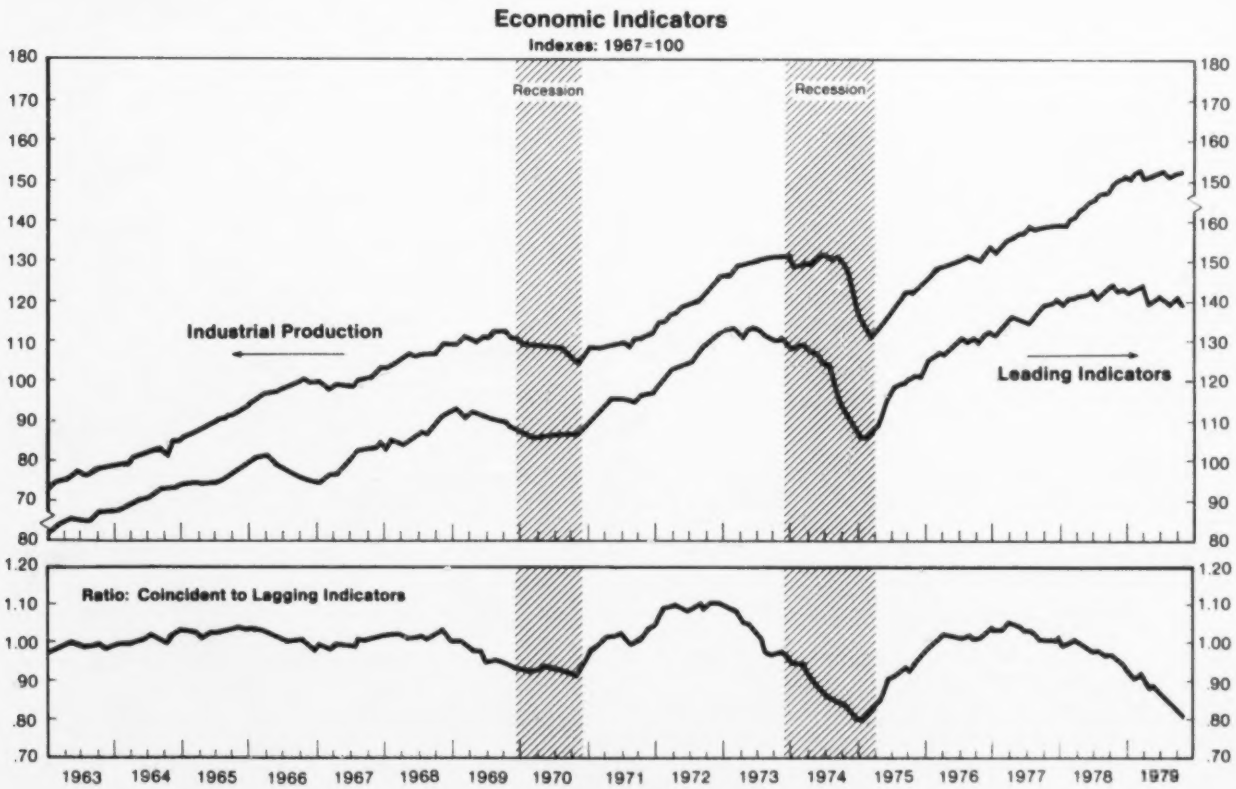


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Oct.			X	—0.9%	— 3.3%
Capital Investment Commitments						
*Contracts & orders, plant & equipment (deflated)	Oct.			X	— 1.5%	—14.2%
New orders, nondefense capital goods (deflated)	Oct.			X	— 0.9%	—10.1%
*Net business formation	Aug.		X		+ 1.0%	— 1.2%
*Housing permits	Oct.		X		+ 1.0%	—16.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Oct.		X		+ 1.0%	— 6.2%
*Change in inventory, on hand & order (deflated)	Sept.			X	— 7.9%	— 6.9%
Purchasing agents' buying policy	Nov.		X		+ 2 %	— 2 %
*Vendor performance, reported slower deliveries	Oct.			X	—16.7%	—26.5%
Industrial raw materials prices	Nov.		X		+ 1.8%	+19.2%
*Change in sensitive prices	Oct.		X		+ 0.2%	+ 1.0%
Sensitive Financial Flows						
*Money balance (M2, deflated)	Oct.			X	— 0.5%	— 3.9%
Change in business loans	Nov.			X	—45.3%	—25.9%
*Change in liquid assets	Oct.		X		— 0.1%	— 0.1%
Change in consumer installment debt	Sept.	X			+22.7%	+ 9.2%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			3.7%	8.9%
*Common stock prices	Nov.		X		— 4.6%	+ 8.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.		X		— 0.1	— 0.7
Initial unemployment claims (inverted)	Oct.		X		— 0.3%	—22.8%
*Layoff rate, mfg. (inverted)	Oct.		X		— 0.1	+ 6.2

Note: For historical data of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Business Conditions Digest,* (Washington, D.C.: Government Printing Office, July, 1978, p. 100. For a description of the index, see November, 1975, page V.)

*These twelve series make up the composite leading index charted below.



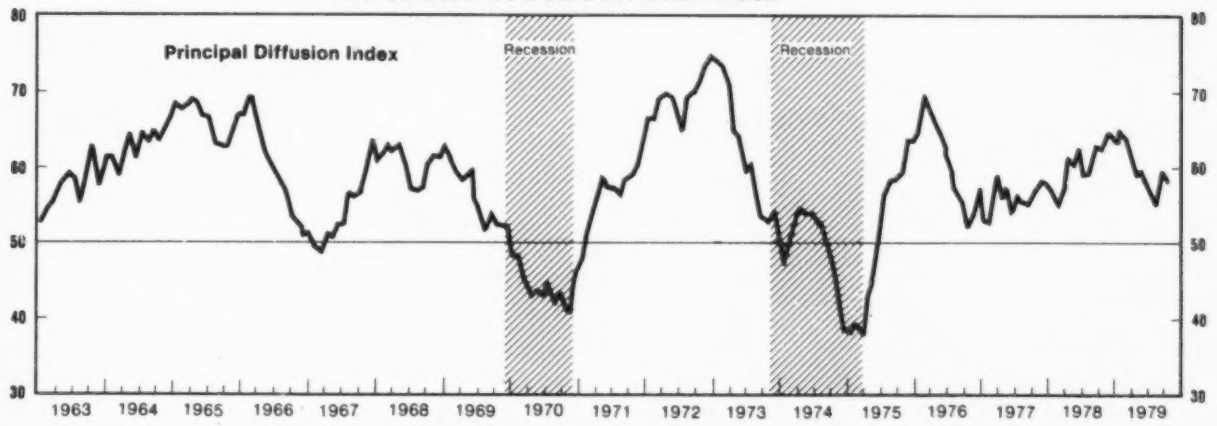
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1978 Oct.	1979 July	Aug.	Sept.	Oct.(e)
Principal Diffusion Index	67.8r	57.0	55.6r	59.6r	58.0
Auxiliary Diffusion Index	52.5r	46.9	45.5r	62.7r	45.1
Industrial Group	66.5	50.1	46.7r	50.6r	50.8
Nonindustrial Group	69.1	64.0	64.6	68.5r	65.3
Sense of Diffusion	1.0	1.0	0.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	76.9	58.8	58.5r	61.3r	61.8
Labor	63.2	42.3	36.2	42.9r	46.7
Miscellaneous	59.3	56.4	55.1	53.8	44.9
Nonindustrial Subgroups					
Prices	71.8	75.6	71.8	76.3	73.1
Consumer	83.3	70.5	73.9	77.4	70.5
Building	62.8	44.9	44.9	52.6	52.6
Miscellaneous	57.3	62.4	63.7	65.0r	63.2

Note: The principal diffusion index reflects the frequency of upward change in 20 component series over the 12-month period ending in the month indicated. The index is based solely on the direction of change from month to month and not on the magnitude of such changes. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than that of earlier movements. If, for example, ten of the component series had increased and ten had decreased in each of the last twelve months, the current index would register a value of 50. But, because of weighting, the index would be considerably greater than 50, if all the series had increased in each of the last six months and had fallen in each of the first six months of the interval. The index closely coincides with turning points at the peak of a business cycle but tends to lag at troughs. For an explanation of the diffusion indexes and their components, see Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966, pp. 12-15.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1977 Feb.	May	Aug.	Nov.	1978 Feb.	May	Aug.	Nov.	1979 Feb.	May	Aug.
	Score (scale 0-100)										
Measure of Business Confidence	69	71	59	52	52	58	49	40	43	41	32
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	65	74	62	48	46	60	58	45	47	47	28
2. Expectations for Economy, Six Months Ahead	71	70	56	49	49	54	42	33	36	33	29
3. Expectations for Own Industry, Six Months Ahead	70	69	60	58	59	60	49	43	46	43	38

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

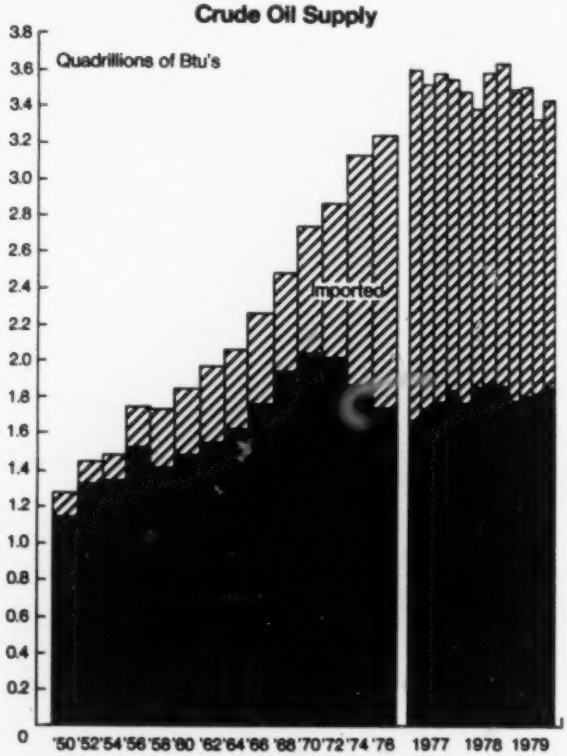
CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

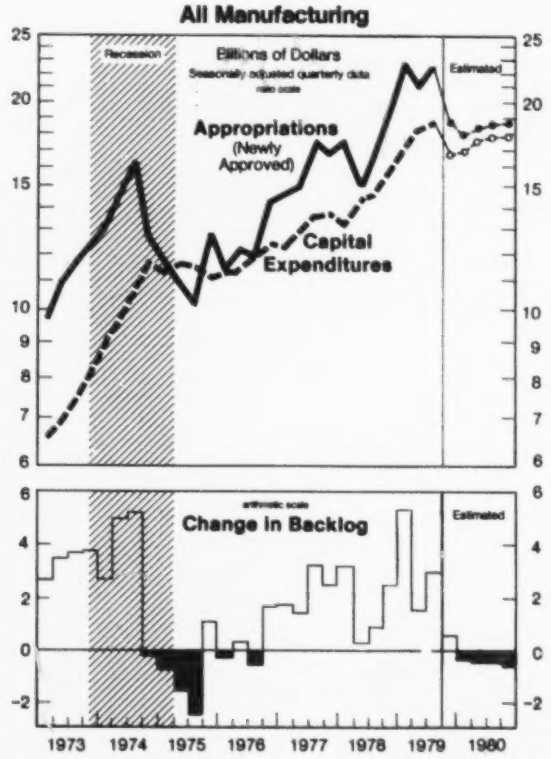
Billions of Dollars, Seasonally Adjusted

	1978			1979			1980 PROJECTIONS			
	IIr	IIIr	IVr	Ir	IIr	IIIp	IV	I	II	III	IV
1000 LARGEST MANUFACTURING FIRMS											
Newly approved	15.118	16.174	18.749	22.585	21.033	22.520	18.6	17.8	18.3	18.5	18.6
Capital expenditures	14.367	14.566	15.827	16.648	18.027	18.553	16.7	16.9	17.5	17.7	17.8
Change in appropriations backlog	+0.246	+0.859	+2.593	+5.252	+1.468	+3.579	+0.5	−0.3	−0.4	−0.4	−0.5
Durable Goods											
Newly approved	7.456	8.443	9.869	11.114	10.672	9.992	8.6	8.7	8.4	7.7	7.4
Capital expenditures	6.503	6.689	7.165	7.793	8.379	8.982	8.1	8.3	8.3	8.2	7.8
Change in appropriations backlog	+0.730	+1.495	+2.676	+3.149	+1.970	+0.908					
Nondurable Goods											
Newly approved	7.662	7.731	8.880	11.471	10.361	12.528	10.0	9.1	10.0	10.8	11.3
Capital expenditures	7.864	7.877	8.662	8.855	9.648	9.571	8.6	8.6	9.2	9.6	10.0
Change in appropriations backlog	−0.484	−0.636	−0.083	+2.103	−0.502	+2.671					
ELECTRIC & GAS UTILITIES											
Appropriations	5.765	8.719	10.281	7.077	5.773	12.635					
Capital expenditures	6.283	6.514	7.025	7.173	7.120	7.237					
Change in appropriations backlog	−1.242	−3.185	+2.471	−3.601	−3.944	+4.762					

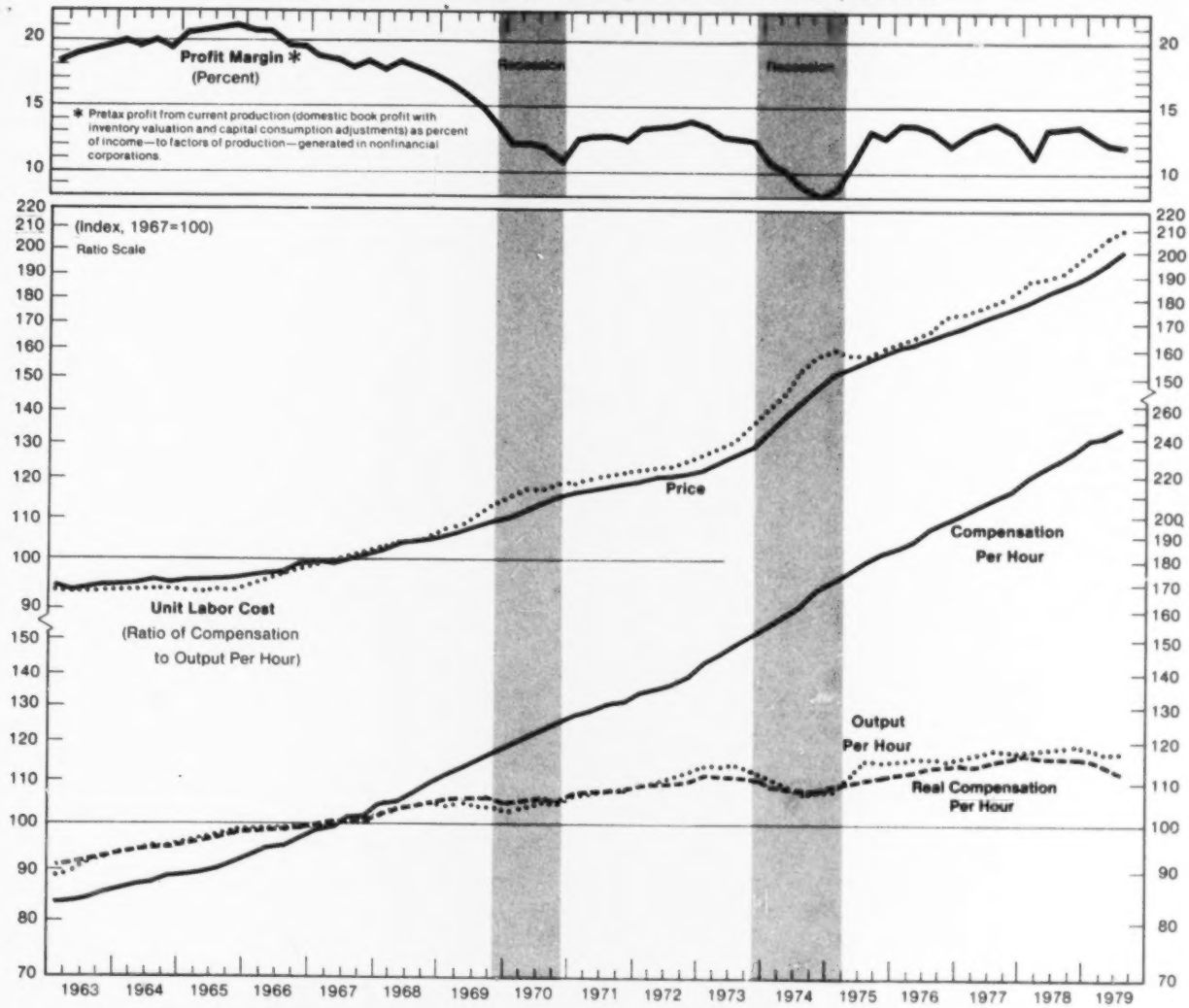
Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request. Projections are based on The Conference Board's capital appropriations forecasting model.

r—revised p—preliminary

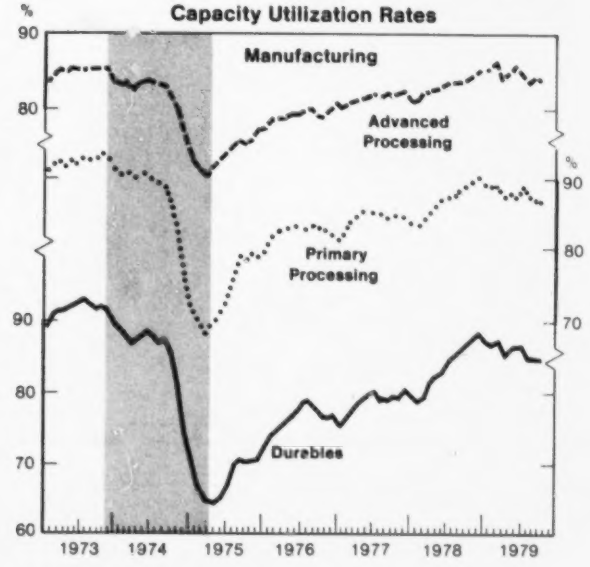




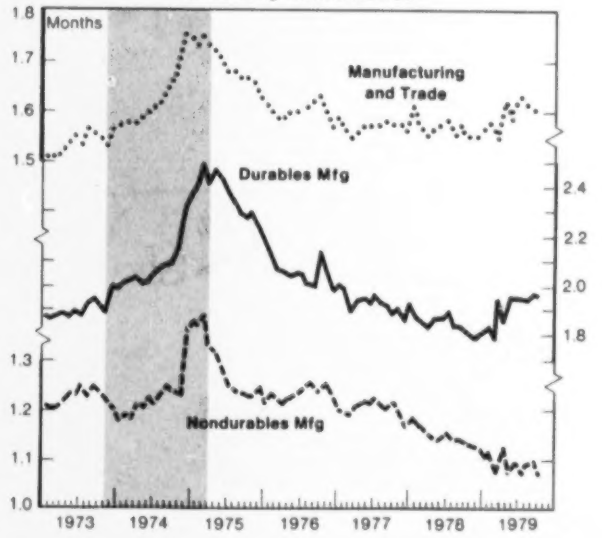
Key Determinants of Profit Margin–Nonfinancial Corporations


Profit Margin *
(Percent)
* Pretax profit from current production (domestic book profit with inventory valuation and capital consumption adjustments) as percent of income—to factors of production—generated in nonfinancial corporations.
Recession
Recession
(Index, 1967=100)
Ratio Scale
Price
Compensation
Per Hour
Unit Labor Cost
(Ratio of Compensation
to Output Per Hour)
Output
Per Hour
Real Compensation
Per Hour
1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979

Capacity Utilization Rates



Inventory-Sales Ratios



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics

Seasonally Adjusted

ECONOMIC FORECASTS

			ASA-NBER Survey of Regular Forecasters[1]		Merrill Lynch Economics Inc.[1]		Kent Economic Institute[1]		Michigan Research Seminar in Quantitative Economics[1]	
Date of Forecast			*Nov., 1979*		*Oct., 1979*		*Nov., 1979*		*Nov, 1979*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Current Dollars										
Actual	**1979**	**III**					**$2395.4**	**11.7%**		
Forecast	1979	IV	$2434.0	7.3%	$2442.5	8.8%	2418.5	3.9	$2450.7	10.3%
	1980	I	2464.0	5.0	2464.6	3.7	2453.3	5.9	2500.0	8.3
		II	2497.0	5.5	2487.9	3.8	2510.7	9.7	2543.0	7.1
		III	2550.0	8.8	2540.9	8.8	2589.6	13.2	2589.9	7.8
		IV	2616.0	10.8	2616.5	12.4	2655.1	10.5	2649.4	9.5
	1981	I			2689.3	11.8	2710.4	8.6	2706.8	8.9
		II			2759.4	10.8	2782.1	11.0	2771.1	9.9
		III					2872.2	13.6		
	1979	Annual	2361.8	11.0	2364.0	11.1	2358.9	10.9	2365.4	11.2
	1980	Annual	2531.7	7.2	2527.5	6.9	2552.2	5.2	2570.6	8.7
Gross National Product Constant (1972) Dollars										
Actual	**1979**	**III**					**$1434.4**	**3.4%**		
Forecast	1979	IV	$1425.0	−1.8%	$1427.9	−0.8%	1421.8	−3.5	$1431.4	0.2%
	1980	I	1410.3	−4.1	1409.7	−5.0	1414.8	−2.0	1428.1	−0.9
		II	1400.4	−2.8	1394.0	−4.4	1416.9	0.8	1424.1	−1.1
		III	1406.5	1.8	1393.2	−0.2	1430.7	4.0	1422.8	−0.3
		IV	1417.3	3.1	1409.2	4.7	1443.8	3.7	1425.8	0.8
	1981	I			1426.1	4.9	1450.2	1.8	1428.9	0.9
		II			1441.0	4.2	1463.5	3.7	1434.9	1.7
		III					1473.7	2.8		
	1979	Annual	1427.2	2.0	1427.9	2.0	1427.3	2.0	1427.9	2.0
	1980	Annual	1408.6	−1.3	1401.5	−1.8	1426.5	−0.1	1425.2	−0.2
Gross National Product Deflator Index, 1972 = 100										
Actual	**1979**	**III**					**167.0**	**8.0%**		
Forecast	1979	IV	171.0	9.7%	171.1	9.7%	170.1	7.8%	171.2	10.1%
	1980	I	174.4	8.2	174.8	9.1	173.4	8.0	175.1	9.3
		II	178.0	8.5	178.5	8.8	177.2	9.0	178.6	8.3
		III	181.6	8.3	182.4	9.0	181.0	8.9	182.0	8.0
		IV	185.0	7.7	185.7	7.4	183.9	8.6	185.8	8.8
	1981	I			188.6	8.4	186.9	8.7	189.4	8.0
		II			191.5	8.3	190.1	7.0	193.1	8.0
		III					194.9	10.5		
	1979	Annual	165.5	8.9	165.6	8.9	165.3	8.7	165.6	9.0
	1980	Annual	179.7	8.6	180.3	8.9	178.9	8.2	180.4	8.9
Unemployment Rate										
Actual	**1979**	**III**					**5.8%**			
Forecast	1979	IV	6.2%		6.4%		6.5		6.1%	
	1980	I	6.8		7.2		7.1		6.4	
		II	7.4		8.1		7.0		6.9	
		III	7.4		8.5		6.6		7.3	
		IV	7.5		8.6		6.8		7.6	
	1981	I			8.4		6.2		7.9	
		II			8.4		6.5		8.1	
		III					6.4			
	1979	Annual	5.8		5.9		6.0		5.8	
	1980	Annual	7.3		8.1		6.9		7.1	

Notes: Percentage change represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary third quarter data.

[2]Based on revised (first revision) third quarter data.

[3]Based on revised (second revision) third quarter data.

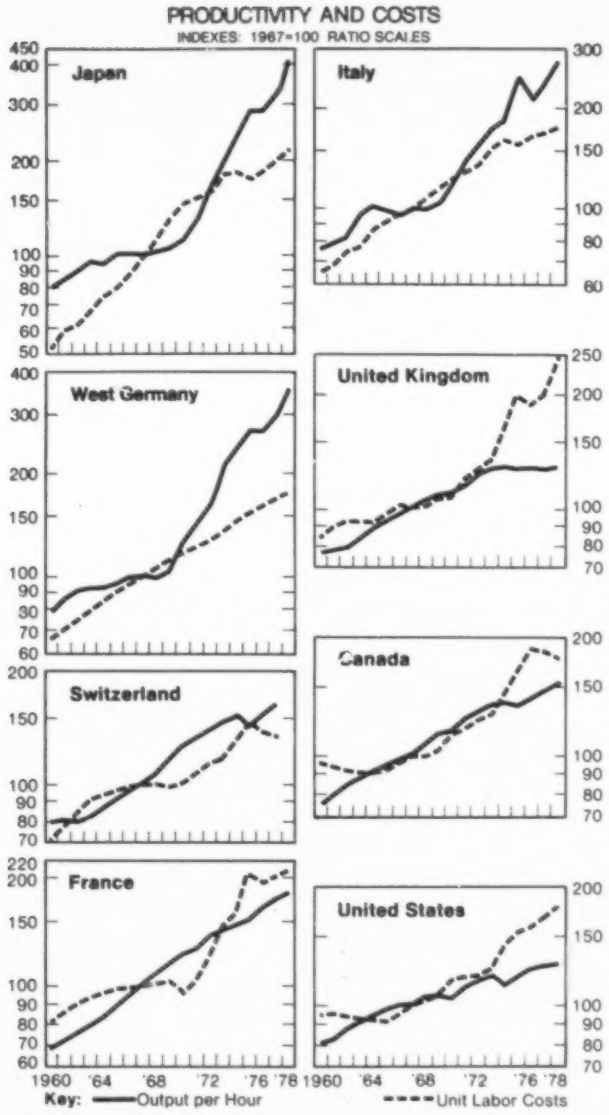
[4]Based on revised 4th quarter data.

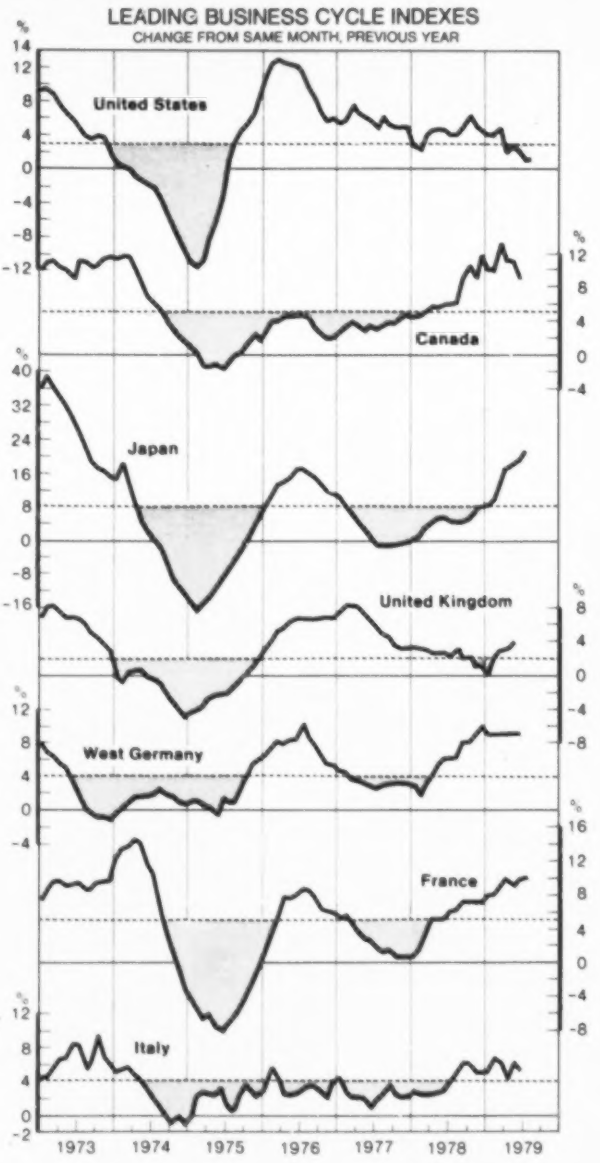
ECONOMIC FORECASTS (continued)

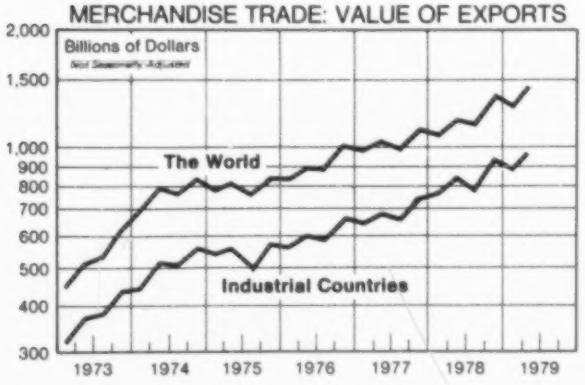
The Conference Board[1] Nov., 1979		Chase Econometric Associates, Inc.[2] Nov., 1979		Data Resources Inc.[3] Nov., 1979		Wharton E.F.A. Inc.[4] Nov., 1979				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Current Dollars		
$2395.4	**11.7%**	**$2395.4**	**11.7%**	**$2395.4**	**11.7%**	**$2395.4**	**11.7%**	**III**	**1979**	**Actual**
2446.0	8.7	2437.3	7.2	2439.1	7.5	2443.2	8.2	IV	1979	Forecast
2465.0	3.1	2443.4	1.0	2461.0	3.6	2489.6	7.8	I	1980	
2493.0	4.6	2476.4	5.5	2495.7	5.8	2536.6	7.8	II		
2529.0	5.9	2529.7	8.9	2556.2	10.1	2592.3	9.1	III		
2601.0	11.9	2606.0	12.6	2623.1	10.9	2669.6	12.5	IV		
		2667.9	9.8	2703.6	12.9	2751.1	12.8	I	1981	
		2738.6	11.0	2789.3	13.3	2827.8	11.6	II		
		2811.3	11.0	2879.9	13.6	2899.7	10.6	III		
2365.8	11.2	2363.6	11.1	2363.1	11.1	2364.1	11.1	Annual	1979	
2522.0	6.6	2513.9	6.4	2534.0	7.2	2572.0	8.8	Annual	1980	
								Gross National Product Constant (1972) Dollars		
$1434.4	**3.4%**	**$1434.4**	**3.4%**	**$1434.4**	**3.4%**	**$1434.4**	**3.4%**	**III**	**1979**	**Actual**
1434.4	0.0	1425.4	−2.5	1426.0	−2.3	1425.7	−2.4	IV	1979	Forecast
1417.6	−4.6	1403.0	−6.1	1409.4	−4.6	1418.2	−2.1	I	1980	
1406.9	−3.0	1396.9	−1.7	1400.8	−2.4	1412.0	−1.7	II		
1403.3	−1.0	1400.9	1.1	1406.7	1.7	1413.7	0.5	III		
1418.1	4.3	1412.8	3.4	1413.3	1.9	1423.4	2.8	IV		
		1424.8	3.4	1426.4	3.8	1435.2	3.4	I	1981	
		1435.4	3.0	1443.6	4.9	1447.8	3.6	II		
		1446.8	3.2	1461.4	5.0	1461.6	3.9	III		
1430.4	2.2	1428.2	2.1	1427.4	2.0	1427.3	2.0	Annual	1979	
1411.5	−1.3	1403.4	−1.7	1407.5	−1.4	1416.8	−0.7	Annual	1980	
								Gross National Product Deflator Index, 1972 = 100		
167.0	**8.0%**	**167.0**	**8.0%**	**167.0**	**8.0%**	**167.0**	**8.0%**	**IV**	**1979**	**Actual**
170.5	8.7	171.0	9.9	171.0	10.1	171.4	10.9	IV	1979	Forecast
173.9	8.1	174.2	7.6	174.6	8.6	175.5	10.1	I	1980	
177.2	7.8	177.3	7.4	178.2	8.4	179.6	9.7	II		
180.2	7.0	180.6	7.7	181.7	8.2	183.4	8.6	III		
183.4	7.3	184.5	8.9	185.6	8.8	187.6	9.4	IV		
		187.2	6.2	189.5	8.8	191.7	9.1	I	1981	
		190.8	7.8	193.2	8.0	195.3	7.8	II		
		194.3	7.6	197.1	8.2	198.4	8.4	III		
165.4	8.8	165.5	8.9	165.6	8.9	165.6	9.0	Annual	1979	
178.7	8.0	179.1	8.2	180.0	8.7	181.5	9.6	Annual	1980	
								Unemployment Rate		
5.8%		**5.8%**		**5.8%**		**5.8%**		**III**	**1979**	**Actual**
6.2		6.3		6.1		6.3		IV	1979	Forecast
6.9		6.9		6.7		7.0		I	1980	
7.6		7.7		7.1		7.6		II		
8.1		8.1		7.5		8.0		III		
8.0		8.2		7.7		8.0		IV		
		8.3		7.8		8.1		I	1981	
		8.3		7.8		8.1		II		
		8.2		7.7		8.1		III		
5.8		5.9		5.9		5.9		Annual	1979	
7.6		7.7		7.3		7.7		Annual	1980	

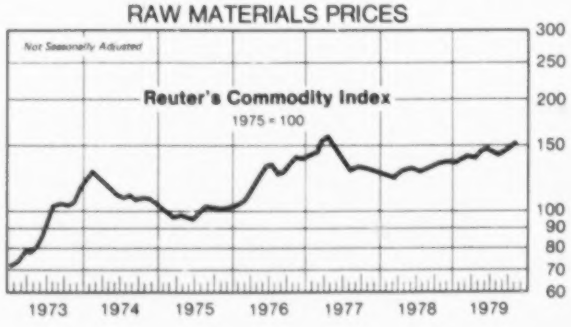
Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on line through The Conference Board Data Base. For more information, contact Linette Stein or Ken Goldstein at (212) 759-0900.

Selected International Comparisons

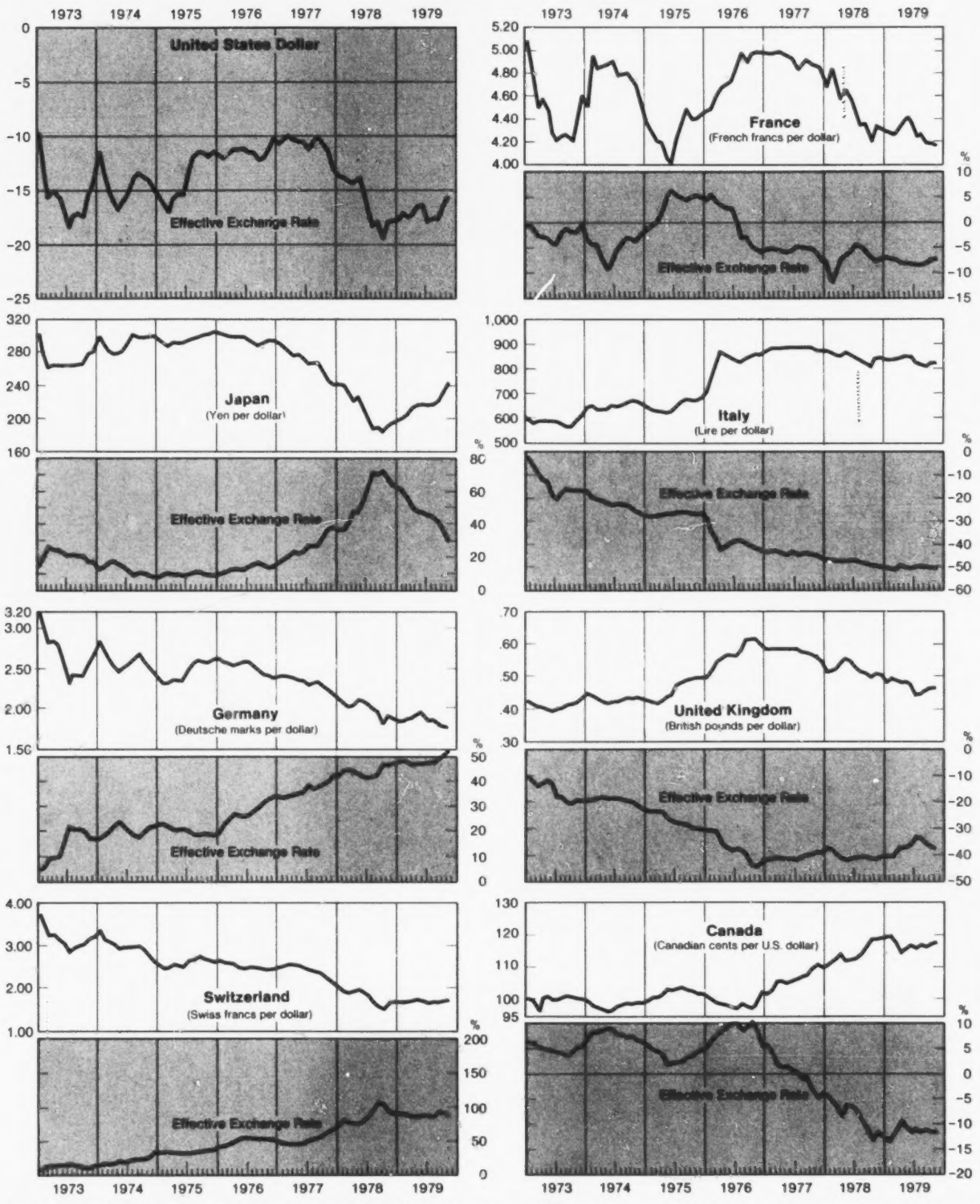








Exchange Rates – Foreign Countries



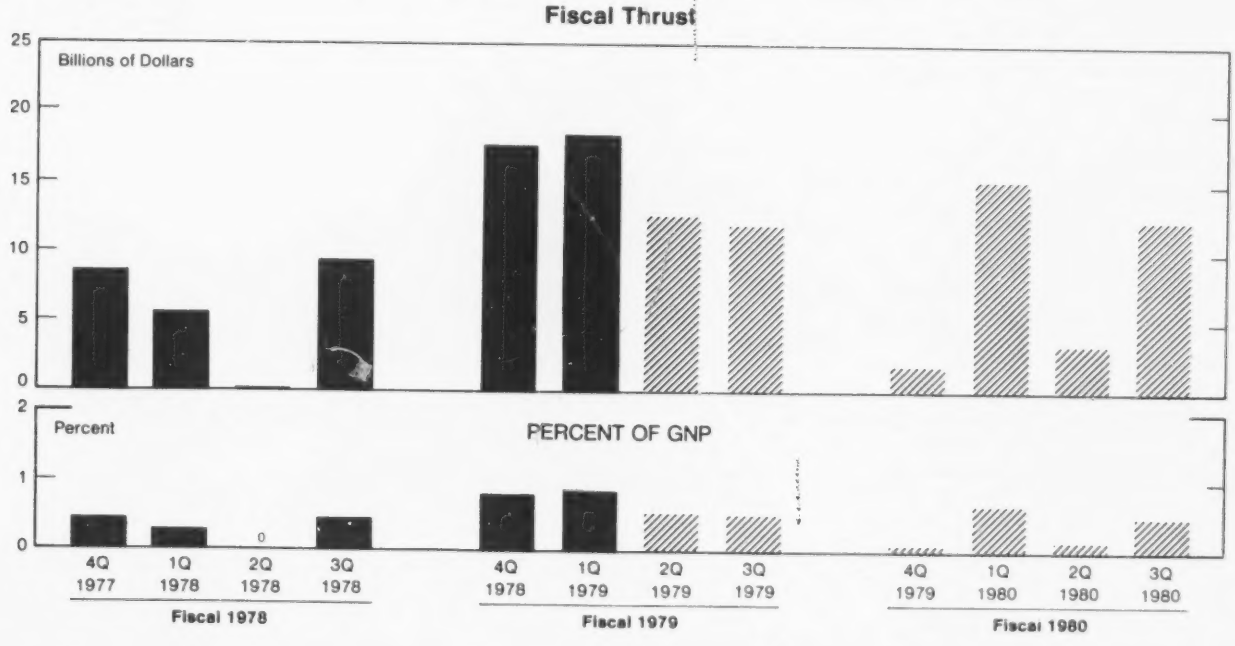
Effective Exchange Rate for each country indicates changes vis-a-vis a group of 15 major currencies weighted according to the average bilateral manufactures trade of 1976; changes are in percent from pre-June 1970 parities, based on monthly averages of daily rates.

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

	Fiscal 1979		Fiscal 1980		
	Current Services (1/23/78)	Actual (10/25/79)	Current Services (1/22/79)	President's Proposal (7/7/79)	Second Congressional Resolution (11/16/79)
Receipts	**$463.8**	**$465.9**	**$504.5**	**$513.8**	**$517.8**
Outlays	**492.4**	**493.6**	**536.1**	**542.4**	**547.6**
Deficit	**−28.5**	**−27.7**	**−31.6**	**−28.7**	**−29.8**
Receipts by source	**463.8**	**465.9**	**504.5**	**513.8**	**517.8**
Individual income taxes	214.0	217.8	229.6	234.2	236.5
Corporate income taxes	68.8	65.7	71.0	71.5	74.0
Social insurance	142.5	141.6	161.2	162.6	162.9
Other receipts	38.5	40.8	42.7	45.5	44.4
Outlays by function	**492.4**	**493.6**	**536.1**	**542.4**	**547.6**
Income security	159.2	160.3	179.5	185.2	190.0
National defense	116.8	116.5	125.5	126.7	129.9
Health	50.3	49.6	55.1	54.4	54.5
Education and manpower	29.4	28.5	31.0	30.1	31.0
Veterans' benefits	18.9	19.9	20.4	20.8	20.8
Transportation	17.1	17.0	18.0	18.3	18.6
Natural resources and environment	12.0	12.3	11.8	11.5	11.9
Revenue sharing	9.5	8.2	9.2	9.0	9.1
International affairs	7.4	5.4	7.9	8.8	8.4
Community development	8.5	9.7	7.2	7.5	8.3
Energy	7.6	7.9	8.0	8.5	7.3
General science	5.1	5.6	5.4	5.7	5.7
Justice	4.1	4.1	4.3	4.4	4.4
General government	4.2	4.7	4.2	4.4	4.2
Commerce and housing credit	3.1	2.6	3.4	3.2	2.8
Agriculture	5.5	6.4	5.0	2.5	2.5
Interest	48.7	52.6	57.1	57.8	58.1
Allowances	1.1	—	2.1	2.1	— 0.2
Undistributed offsetting receipts	−16.1	−18.1	−19.0	−18.7	−19.7

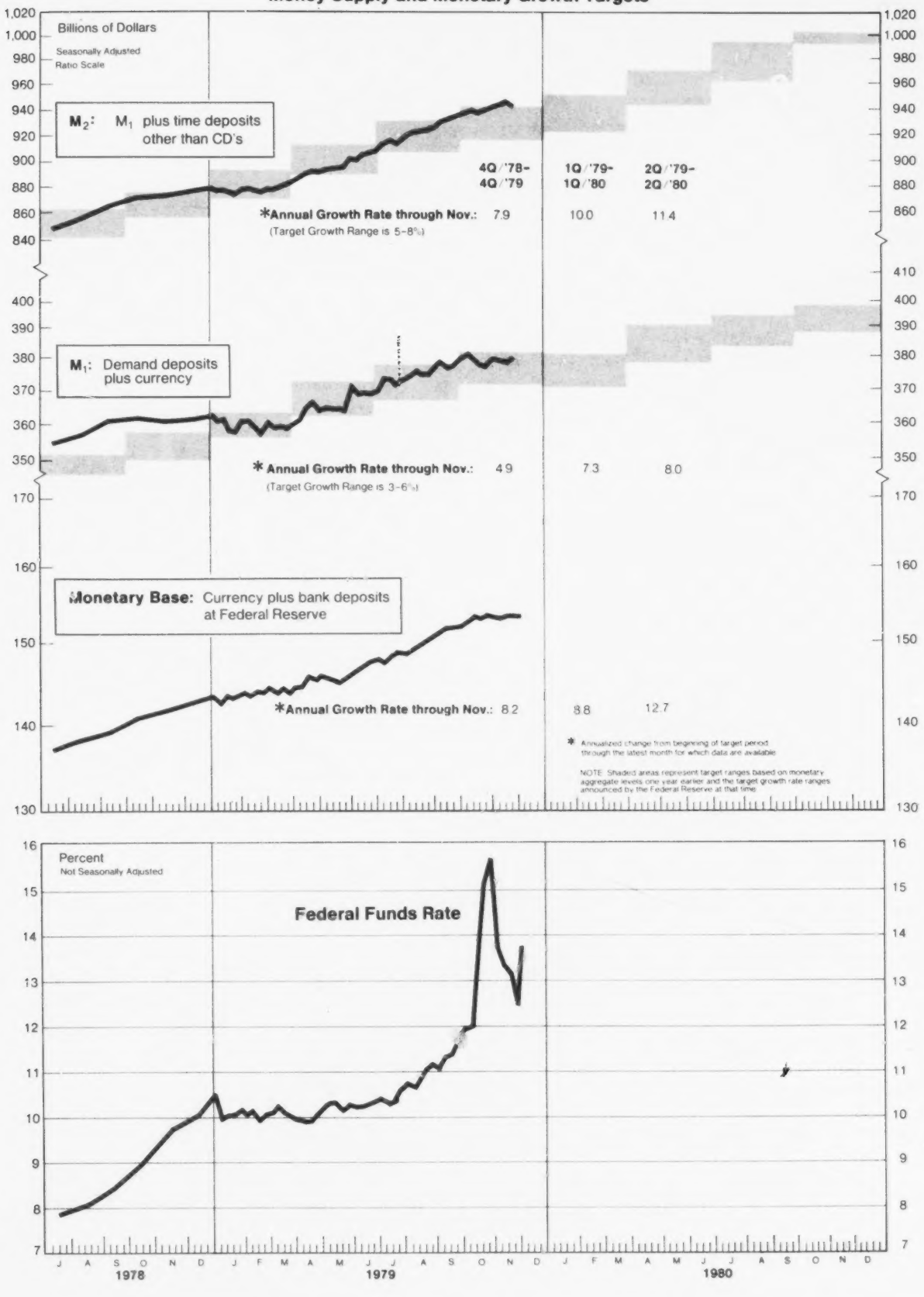
Sources: Office of Management and Budget; Congressional Budget Office.

Fiscal Thrust



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy*, Fiscal 1977, No. 2, The Conference Board, New York, 1976.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M_2: M_1 plus time deposits other than CD's
4Q/'78-4Q/'79
1Q/'79-1Q/'80
2Q/'79-2Q/'80
*Annual Growth Rate through Nov.: 7.9 10.0 11.4
(Target Growth Range is 5-8%)
M_1: Demand deposits plus currency
* Annual Growth Rate through Nov.: 4.9 7.3 8.0
(Target Growth Range is 3-6%)
Monetary Base: Currency plus bank deposits at Federal Reserve
*Annual Growth Rate through Nov.: 8.2 8.8 12.7
* Annualized change from beginning of target period through the latest month for which data are available
NOTE: Shaded areas represent target ranges based on monetary aggregate levels one year earlier and the target growth rate ranges announced by the Federal Reserve at that time.
Percent
Not Seasonally Adjusted
Federal Funds Rate
1978
1979
1980

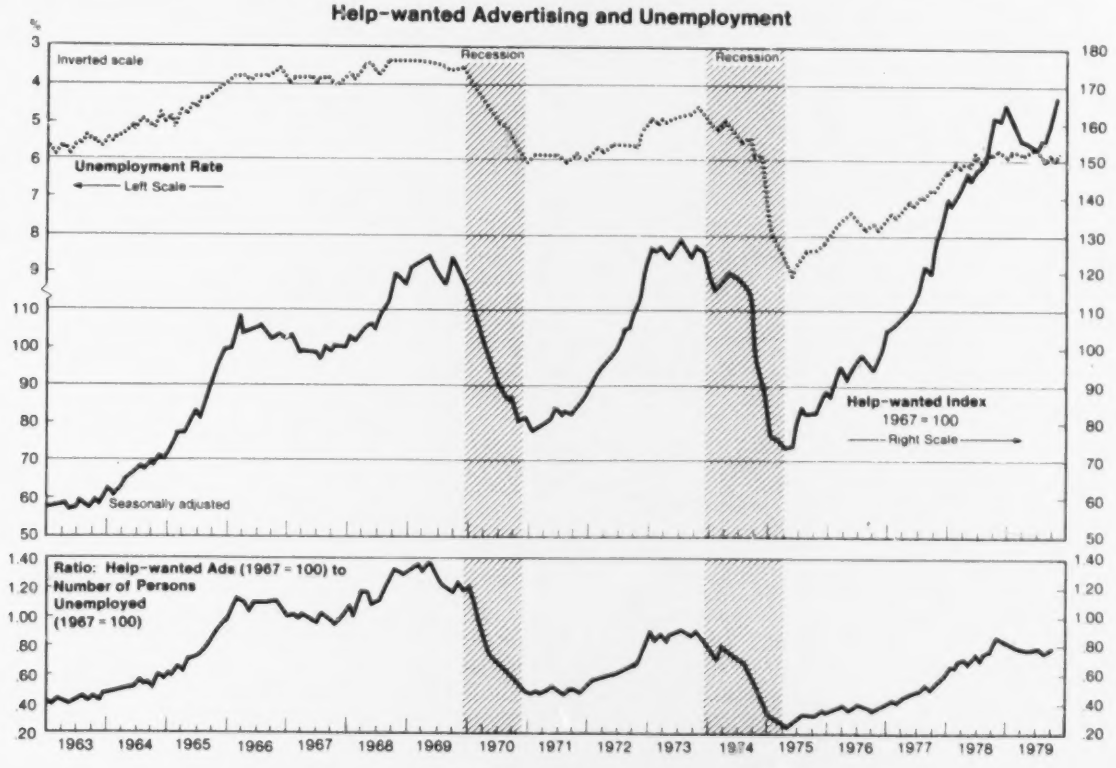
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1979 Oct.	1979 Sept.	1979 Aug.	1978 Oct.
Total Index 51 papers	166	159	155	161
New England	149	140	137	143
Boston	156	143	141	148
Hartford	171	178	163	156
Providence	104	94	99	117
Middle Atlantic	75	74	72	70
Albany	117	103	104	106
Allentown	177	145	158	156
New York	61	63	60	n.a.
Philadelphia	70	69	68	71
Pittsburgh	101	102	102	100
Rochester	88	75	75	76
Syracuse	95	98	90	96
East North Central	116	115	118	132
Chicago	115	111	116	124
Cincinnati	166	159	170	183
Cleveland	106	111	111	126
Columbus	155	151	154	170
Dayton	99	95	95	112
Detroit	83	81	86	110
Gary	153	161	192	189
Indianapolis	137	133	137	154
Milwaukee	122	127	119	130
Toledo	138	139	139	162
West North Central	137	130	125	137
Kansas City	159	151	150	173
Minneapolis	167	158	150	146
Omaha	n.a.	n.a.	n.a.	186
St. Louis	83	80	75	92
South Atlantic	172	161	154	158
Atlanta	265	238	219	236
Baltimore	114	113	117	109
Charlotte	150	148	136	140
Jacksonville	127	121	128	123
Miami	184	178	164	164
Richmond	103	104	104	112
Washington, D.C.	178	161	156	161
East South Central	159	158	158	169
Birmingham	176	174	168	199
Knoxville	246	227	223	247
Louisville	106	103	106	127
Memphis	131	126	129	123
Nashville	187	202	203	193
West South Central	330	309	298	316
Dallas	303	283	258	290
Houston	481	453	431	460
New Orleans	216	188	210	214
Oklahoma City	249	241	241	246
San Antonio	217	192	186	189
Tulsa	254	264	255	255
Mountain	398	368	384	380
Denver	n.a.	283	322	311
Phoenix	470	436	420	406
Salt Lake City	475	439	453	476
Pacific	248	236	222	223
Los Angeles	219	206	190	204
Sacramento	329	299	309	304
San Bernardino	193	185	176	175
San Diego	419	398	372	356
San Francisco	239	227	216	201
Seattle	275	286	264	254
Percentage of papers with rising volume	76%	53%	41%	82%
Unemployment rate	6.0%	5.8%	6.0%	5.8%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100

Monthly beginning July 1977; bimonthly before that date

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1977	90.3		85.2		89.2		88.7	89.7	87.6	86.9	90.1	99.8
1978	105.2	103.8	97.3	96.9	88.8	92.5	88.8	91.4	95.4	101.4	91.8	94.0
1979	94.0	94.1	85.8	81.5	79.5	76.8	67.1	64.9	76.8	85.1r	85.4p	

Buying Plans Index

1977	113.8		110.2		121.8		128.7	133.4	117.7	121.3	124.5	136.9
1978	134.3	120.7	124.3	109.5	97.1	121.7	91.2	104.0	104.2	116.9	106.4	103.1
1979	95.8	116.3	115.6	101.2	93.8	96.2	91.2	98.0	120.3	127.9r	114.3p	

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

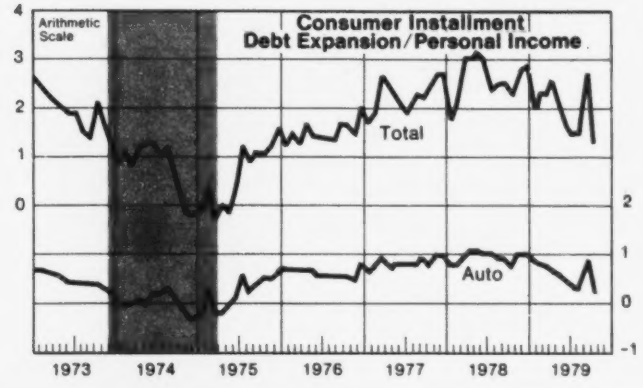
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

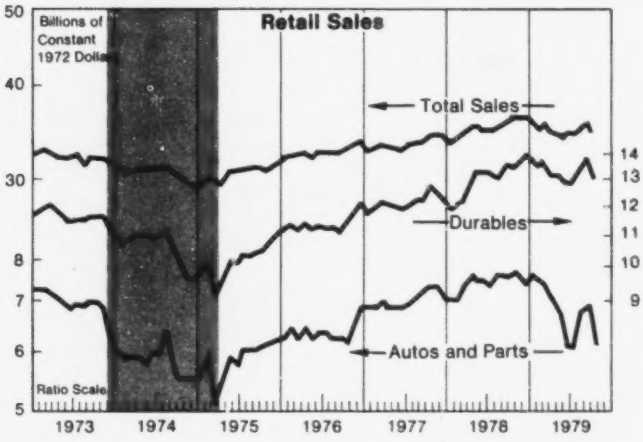
Billions of Dollars; Quarterly Data are Seasonally Adjusted at Annual Rates

		Aggregate Purchasing Power	Discretionary Purchasing Power	Discretionary Saving	Discretionary Spending	Discretionary Purchasing Power as % of Aggregate	Discretionary Spending as % of Aggregate	Discretionary Spending as % of Discretionary Purchasing Power
1975	I	$1075.2	$399.5	$ 67.5	$332.0	37.2%	30.9%	83.1%
	II	1155.6	469.7	125.2	344.5	40.6	29.8	73.3
	III	1160.5	453.4	125.8	327.6	39.1	28.2	72.3
	IV	1220.9	485.4	118.8	366.6	39.8	30.0	75.5
1976	I	1258.3	499.9	133.5	366.4	39.7	29.1	73.3
	II	1288.1	507.0	120.3	386.7	39.4	30.0	76.3
	III	1308.4	514.5	125.5	389.0	39.3	29.7	75.6
	IV	1343.4	533.7	118.2	415.5	39.7	30.9	77.9
1977	I	1394.3	560.4	139.4	421.0	40.2	30.2	75.1
	IIr	1432.2	583.3	143.2	440.1	40.7	30.7	75.4
	IIIr	1520.5	602.0	171.0	431.0	39.6	28.3	71.6
	IVr	1526.1	624.9	146.1	478.8	40.9	31.4	76.6
1978	Ir	1559.9	648.3	141.4	506.9	41.6	32.5	78.2
	IIr	1633.1	680.8	176.8	504.0	41.7	30.9	74.0
	IIIr	1672.4	693.1	184.2	508.9	41.4	30.4	73.4
	IVr	1701.4	690.9	150.3	540.6	40.6	31.8	78.2
1979	Ip	1746.1	712.2	149.5	562.7	40.8	32.2	79.0

Note: For an explanation of discretionary purchasing power and spending, see Morton Ehrlich, *Discretionary Spending*, (The Conference Board, 1966).

P—Preliminary R—Revised





CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1976	1977	1978	1979
January:	1-10	8.27	9.95	9.54	10.32
	11-20	8.54	9.81	8.28	9.85
	21-31	9.00	8.36	7.73	8.91
February:	1-10	8.31	9.87	8.03	9.38
	11-20	9.25	8.53	9.52	9.64
	21-28(29)	8.83	8.80	8.07	8.65
March:	1-10	8.45	10.04	8.65	9.12
	11-20	8.28	8.25	11.20	9.96
	21-31	9.39	10.01	8.59	8.73
April:	1-10	8.55	8.12	10.26	9.69
	11-20	9.21	9.47	9.67	8.09
	21-30	8.71	9.42	10.09	9.02
May:	1-10	8.64	9.25	10.10	8.97
	11-20	9.27	8.77	9.77	7.44
	21-31	7.88	9.04	10.22	8.42
June:	1-10	8.64	9.57	9.75	6.99
	11-20	8.16	9.27	10.33	7.67
	21-30	9.14	9.06	8.83	6.55
July:	1-10	8.16	9.38	10.18	8.28
	11-20	8.77	8.02	8.40	7.61
	21-31	8.16	8.58	8.56	8.38
August:	1-10	8.92	8.89	9.49	7.84
	11-20	7.57	8.84	8.38	10.25
	21-31	7.56	9.32	9.76	8.30
September:	1-10	7.99	8.84	7.50	8.67
	11-20	8.21	8.81	8.75	9.01
	21-30	8.39	7.80	8.47	6.82
October:	1-10	8.33	9.56	9.68	6.32
	11-20	8.18	9.51	9.28	8.75
	21-31	7.79	9.73	10.05	8.18
November:	1-10	8.53	9.73	9.17	6.84
	11-20	8.86	10.42	9.61	8.22
	21-30	9.68	9.19	9.53	7.26
December:	1-10	9.11	8.52	10.56	
	11-20	10.29	9.23	8.72	
	21-31	9.56	9.06	8.40	

Note: Dealer sales exclude exports and imported foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board.